

Wisconsin State Legislature

SENATE CHAIR
ALBERTA DARLING

317 East, State Capitol
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ASSEMBLY CHAIR
ROBIN VOS

309 East, State Capitol
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Madison, WI 53708-8953
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Joint Committee on Finance *100TH ANNIVERSARY 1911 - 2011*

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative Robin Vos

Date: August 15, 2011

Re: 14-Day Passive Review Approval – DNR

Pursuant to s. 23.0917(6m), Stats., attached is a 14-day passive review request from the Department of Natural Resources, received on August 15, 2011.

Please review the material and notify **Senator Darling** or **Representative Vos** no later than **Wednesday, August 31, 2011** if you have any concerns about the request or if you would like the Committee to meet formally to consider it.

Also, please contact us if you need further information.

Attachments

AB:RV:jm

State of Wisconsin
DEPARTMENT OF NATURAL RESOURCES
101 S. Webster Street
Box 7921
Madison WI 53707-7921

Scott Walker, Governor
Cathy Stepp, Secretary
Telephone 608-266-2621
FAX 608-267-3679
TTY Access via relay - 711



RECEIVED
AUG 15 2011

August 12, 2011

BY: *St. Finance*

The Honorable Alberta Darling, Co-Chair
Committee on Joint Finance
Room 317 East
State Capitol
PO Box 7882
Madison, WI 53707-7882

The Honorable Robin Vos, Co-Chair
Committee on Joint Finance
Room 309 East
State Capitol
PO Box 8953
Madison, WI 53707-53708

Dear Senator Darling and Representative Vos:

Pursuant to s. 23.0917(6m), Wis. Stats., the Department is notifying you as co-chairs of the Committee on Joint Finance of a proposed 10,083.3 acre forestry easement purchase from Plum Creek Timberlands using funds from the Knowles-Nelson Stewardship Program.

The purchase price of the easement is \$4,547,100. Of this amount, \$2,500,000 will be provided by the US Department of Agriculture through its Forest Legacy Program. Wisconsin's application for these funds was ranked very high in nation wide competition.

The balance of the cost, \$2,047,100, will be funded by the Knowles-Nelson Stewardship program. In addition, the Department has a miscellaneous cost of \$8,900, specifically, for appraisal fees. We do not anticipate other miscellaneous costs.

On August 10, 2011, the Natural Resources Board approved the transaction by a vote of 7 - 0. I have attached the materials presented to the Board.

As provided in s. 23.0917(6m), if the Department does not receive notification of the scheduling of a hearing from either of the JFC co-chairpersons within, 14 working days from today, the Department will forward the proposal to the Governor for his consideration. If there are any questions about the proposal, please call Richard Steffes at (608) 266-0201.

Thank you for your consideration.

Sincerely,

Cathy Stepp

Cathy Stepp

Attachment

SUBJECT: EASEMENT PURCHASE – FOREST LEGACY PROGRAM– SAWYER COUNTY

FOR: AUGUST 2011 BOARD MEETING

TO BE PRESENTED BY: Paul DeLong & Richard Steffes

SUMMARY: The Department proposes to purchase a 10,083.3-acre Forest Legacy easement from Plum Creek Timberlands for the Forest Legacy program in Sawyer County for a cost of \$4,547,100. The item is being submitted because the purchase price is higher than \$150,000. The proposed transaction is Phase II of a two-phase, working forest conservation easement, which will ultimately protect 18,179.08 acres of hardwood and pine forest. The easement will establish a protected land connection between the Chequamegon-Nicolet National Forest and lands of the Lac Courte Oreille Band of Lake Superior Chippewa. In addition, it will block in well with the Department's Chippewa Flowage property, protecting a wildlife corridor around the flowage. The Department has obtained a \$2,500,000 grant from the USDA Forest Service for this easement leaving a net cost of \$2,047,100 to the Department's Stewardship program for Phase II. Phase I of this transaction closed in January 2011 and included 8,095.78 acres at a cost of \$3,650,900.

The purpose of the Forest Legacy Program in Wisconsin is to:

- preserve and protect the land for continued sustainable forestry and resource management and to maintain the undeveloped character of the property by precluding buildings, deforestation or any significant topographical change;
- manage the property as part of the underlying landowner's commercial timber harvest base while providing open space;
- provide for the public the right to access the property for public outdoor recreational uses;
- accomplish these goals permanently and at lower cost than fee title purchase.

In conjunction with federal program requirements of the Forest Legacy program, the state shall not close on the property until all necessary approvals have been obtained including:

- Conservation easement is approved by U.S. Forest Service.
- Completed management plan is approved by DNR.

In recent years, significant amounts of land have been sold by industrial forest companies and the rate of forest fragmentation is increasing in the region. This trend is changing the face of the "Northwoods" so treasured by local people and visitors and could decrease the importance of both the timber and tourism industries in the northern economy. This proposal will insure the forest land remains open to the public and in private industrial forest management. It fits in well with federal, state and tribal ownerships around the Chippewa Flowage.

Public outdoor recreation is an important component of this Forest Legacy easement. The entire property will be open for hiking, fishing, hunting, trapping cross-country skiing, and berry picking. Designated snowmobile trails are allowed in the easement area. Access to the easement lands is via the public road system.

The land to be covered by this easement is located just south of the Chippewa Flowage. The project will unite more than 18,000 acres of high value resource forest with public and protected forested and natural lands on either side of the Chippewa Flowage. The flowage is the state's largest semi-wilderness body of water as well as a world-class fishery for muskellunge and walleye. A conservation easement on the property would ensure continued and unrestricted access for many recreational pursuits. In addition, the easement will secure the property for its economic values as Wisconsin is ranked second in the nation for the number of employees in the forest products sector. The enrichment of sustainable forestry practices on forest ownerships directly benefits our state's economy and environment.

Acquisition of the 10,083.3-acre Forest Legacy easement will help protect and preserve the integrity of these northern forestlands in perpetuity, prevent forest fragmentation and promote the sustainable use of the northern forests. The tracts that comprise the easement area are critical in connecting and providing buffers to existing state and other public lands in addition to providing land for public outdoor recreation opportunities. The property included in this easement will be managed by the private sector as sustainable forestland with many opportunities for public recreation.

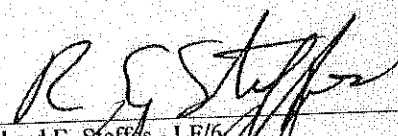
RECOMMENDATION: That the Board approve the purchase of a Forest Legacy easement on 10,083.3 acres of land for \$4,547,100 for the Forest Legacy program.

LIST OF ATTACHED MATERIALS:

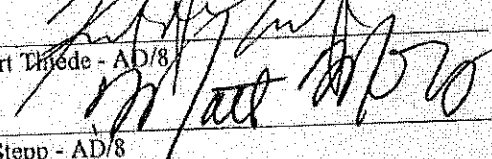
No ☒ Fiscal Estimate Required
No ☒ Environmental Assessment of Impact Statement Required
No ☐ Background Memo

Yes ☐ Attached
Yes ☐ Attached
Yes ☒ Attached

APPROVED:


Real Estate Director, Richard E. Steffes - LF/6


Administrator, Kurt Thiede - AD/8


Secretary, Cathy Stepp - AD/8

7-8-11
Date

7/11/11
Date

7/20/11
Date

cc: S. Miller - LF/6
R. Steffes - LF/6
L. Ross - AD/8
R. Mather - FR/4
J. Gozdziński - NOR/Spooner

CORRESPONDENCE/MEMORANDUM

DATE: July 7, 2011 FILE REF: NF 30059 *

TO: Natural Resources Board

FROM: Cathy Stepp

SUBJECT: Proposed Easement on the Plum Creek Timberlands (Phase 2)
Tract, File # NF 30059 *

1. PARCEL DESCRIPTION:

Forest Legacy Program
Sawyer County

Grantor:

Plum Creek Timberlands
c/o Dan Lemke
1411 N. 4th Street
Tomahawk, WI 54487

Acres: 10,083.30Price: \$4,547,100.00Appraised Value: \$4,547,100Interest: Forest Legacy EasementImprovements: None

Location: The tract is located in Sawyer County about 12 miles southeast of the City of Hayward.

Land Description: The subject land is rolling and varies from upland to lowlands.

<u>Covertime Breakdown:</u>	Type:	Acreage:
	Wetland/Water	65.0
	Upland Woods	8,745.3
	Lowland Woods	983.0
	Grassland/Cropland	175.0
	Roadways	115.0
	TOTAL:	10,083.3

Zoning: Forestry or Residential/RecreationalPresent Use: Industrial ForestProposed Use: Sustainable Forestry and Public RecreationTenure: 8 yearsOption Date: December 23, 2010

Stewardship Land Access: This property will be open to the public for all nature-based outdoor recreational activities to include hunting, fishing, trapping, hiking, and cross-country skiing.

2. JUSTIFICATION:

The Department proposes to purchase an 10,083.3-acre conservation easement from Plum Creek Timberlands for Forest Legacy program in Sawyer County. The proposed transaction is Phase II of a two-phase working, forest conservation easement, which will ultimately protect 18,179.08 acres of hardwood and pine forest. The property is located in a critical block of forest in northern Wisconsin. The easement will establish a protected land connection between the Chequamegon-Nicolet National Forest and lands of the Lac Courte Oreille Band of Lake

Superior Chippewa. In addition, it will block in well with the Department's Chippewa Flowage property, protecting a wildlife corridor around the flowage.

The purpose of the Forest Legacy program is to:

- preserve and protect the land for continued sustainable forestry and resource management and to maintain the undeveloped character of the property by precluding buildings, deforestation or any significant topographical change;
- manage the property as part of the underlying landowner's commercial timber harvest base while providing open space;
- provide for the public the right to access the property for public outdoor recreational uses;
- accomplish these goals permanently and at lower cost than fee title purchase.

In conjunction with federal program requirements of the Forest Legacy program, the state shall not close on the property until all necessary approvals have been obtained including:

- Conservation easement is approved by U.S. Forest Service.
- Completed management plan is approved by DNR.

In recent years, some of the recreational land with water frontage has been sold by industrial forest companies and the rate of forest fragmentation is increasing in the region. This trend is changing the face of the "Northwoods" so treasured by local people and visitors and could decrease the importance of both the timber and tourism industries in the northern economy. This proposal will insure the forestland remains open to the public and in private industrial forest management. It fits in well with federal, state and tribal ownerships around the Chippewa Flowage.

Public outdoor recreation is an important component of this Forest Legacy easement. The entire property will be open for hiking, trapping, cross-country, skiing, fishing, hunting, and berry picking. Designated snowmobile trails are allowed in the easement area. Access to the easement lands is via the public road system.

The land to be covered by this easement is located just south of the Chippewa Flowage. The project will unite 18,000 acres of high value resource forest with nearly one million acres of forested and natural lands on either side of the Chippewa Flowage. The flowage is the state's largest semi-wilderness body of water as well as a world-class fishery for muskellunge and walleye. A conservation easement on the property would ensure continued and unrestricted access to this Northwoods jewel for many recreational pursuits. No more than three ownership splits can ever occur for the 18,179.08 acres. In addition, the easement will secure the property for its economic values as Wisconsin is ranked second in the nation for the number of employees in the forest products sector. The enrichment of sustainable forestry practices on all forest ownerships directly benefits our State's economy and environment.

Acquisition of the 10,083.3-acre Forest Legacy easement is recommended to protect and preserve the integrity of these northern forestlands in perpetuity, to prevent forest fragmentation and to promote the sustainable use of the northern forests. The tracts that comprise the easement area are critical in connecting and providing buffers to existing state and other public lands in addition to providing land for public outdoor recreation opportunities. The property included in this easement will be managed as sustainable forestland with many opportunities for public recreation. The land within the easement is important for maintaining ecological values as well as preventing forest fragmentation.

3. FINANCING:

State Stewardship bond (FY12) and Federal Forest Legacy funds are anticipated:

	Funds allotted to program:	Balance after proposed transaction:
State Stewardship	\$25,500,000	\$20,962,000
Federal Funds	\$ 2,500,000	\$0

4. ACQUISITION STATUS OF THE Forest Legacy Program:

Established: 2002
Acres Purchased to Date: 118,333.94
Acquisition Goal: 112,876.00*
Percent Complete: 104.84 %
Cost to Date: \$46,002,956.81

*Comments: The acreage goal will be increased to accommodate this easement acquisition.

5. APPRAISAL:

Appraiser: William Steigerwaldt
Valuation Date: January 8, 2010
Appraised Value: \$8,198,000.00*
Highest and Best Use: Forestry and Recreation

Allocation of Values:

Before Value:	\$21,862,000.00
After Value:	\$13,664,000.00
Easement:	\$ 8,198,000.00

Appraisal Review: Peter Wolter (for state); Susan Waller (for Forest Service)

*Comments: The appraisal was conducted for the entire Plum Creek ownership and based on the easement area acreage of 18,179.08 acres, thus the purchase price is \$450.96 per acre as determined by Stiegerwaldt. Plum Creek has agreed to the same cost per acre over the Phase I and Phase II portions of the transaction thus the purchase price of \$4,547,100 for 10,083.3 acres was established for Phase II.

RECOMMENDED:

Richard E. Steffes

7-8-11
Date

Legal Services

7/8/11
Date

Kurt Thiede

7-20-11
Date

